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EX PARTE

Ms. Regina Keeney
Chief-Common Carrier Bureau
Federal Communications Commission
1919 M Street, N. W.
Washington, D. C. 20554

Re: CC Docket No. 95-116, Telephone Number Portability

Dear Ms. Keeney:

Bell Atlantic's December 18, 1996 letter continues a longstanding error in the RBOCs' number portability arguments by failing even to acknowledge the significant costs of QOR call set-up.

QOR will indeed process calls "essentially as they are processed today." Every QOR call set-up will seize trunks from the originating office to the terminating office in anticipation of completing a call. If a number has been ported, the query will fail, and the reserved call path will be taken down. QOR then must perform a database query to determine the proper routing of the call. In contrast, because LRN does not attempt a call set-up before confirming whether a number has been ported, it does not consume network resources by setting up calls to the wrong end offices.

Because it in effect sets up two calls for each attempt to reach a ported number, QOR will consume both signaling and trunking network resources. Any analysis of the costs of QOR must therefore include the costs of the additional network capacity required to handle these unsuccessful call attempts (which are far more expensive than database queries). ILECs will continue to see significant growth in demand for access lines and traffic volumes, despite CLECs' entry into local markets, eliminating any spare capacity that ILECs claim to be available for QOR call attempts. For example, US West's December 4, 1996 letter states that "notwithstanding the loss of some customers to facilities-based competition, ... over the next five years it will experience a net increase in access lines." Similarly, AT&T's experience in the interexchange industry saw an increase in volume over

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its network every year since divestiture despite continuing market share losses. QOR call set-ups will place additional demands, demands wholly unnecessary with LRN, on network resources -- resources which the RBOCs have repeatedly alleged already are being strained by Internet traffic and on-line financial transactions.

No cost study submitted by the RBOCs or GTE accounts for the cost of QOR call attempts. Even a rough estimate makes plain that these expenses completely erase any purported savings from QOR as compared with LRN. AT&T estimates that when the cost of QOR look-aheads is accounted for, LRN is more cost-effective at any reasonably anticipated level of porting.

Smaller carriers, who may use RBOC or GTE facilities for queries, are under the illusion that the savings that the RBOCs and GTE allege will result from QOR will also result in lower per query charges for them. With regard to including QOR call set-up costs in their cost analysis, Bell Atlantic states in their November 6, 1996 letter, "While this sort of analysis might be appropriate in the rate-setting context, it is irrelevant here." US West in their December 4, 1996 letter states, "...USWC must recover its costs, including some profit, when asked by another carrier to process its number portability database queries." Thus, the Commission is being asked to disregard QOR costs in rendering a decision, but the RBOCs and GTE plan to recover these costs later. In addition, as competition increases, porting rates will go up, and QOR costs will rise.

Further, the RBOCs' cost studies assume that, under LRN, every interoffice intraLATA call will require a database query from day one of portability implementation. Beginning with this untenable assumption, they argue that LRN would place too great a load on their signaling network, reducing network reliability. These dire predictions simply blink reality. The Commission's rules wisely permit portability measures to be phased in over a calendar quarter, beginning in 4Q 1997. Good engineering practice plainly dictates that LRN should be phased-in over that period, with usage data from traffic in the first exchanges to be converted used to inform and adapt signaling network modifications in offices that are converted later.

If the RBOCs' networks are properly engineered for expected signaling loads, LRN will not decrease reliability. In fact, LRN has been rated highest in reliability in state-sponsored workshops on portability measures, and there is no data to the contrary in the record apart from the RBOCs' wholly unrealistic flash-cut scenarios.

The RBOCs have also argued that it would be inefficient to use LRN in an exchange in which only a few numbers have been ported. However, given the number of would-be CLECs preparing to enter the local exchange market, it is impossible to credit predictions that only some tiny fraction of customers will opt for a new local carrier. Even the RBOCs' cost studies assume porting percentages ranging from 10-40%.

It is also crucial to note that in a December 19, 1996 letter, Lucent Technologies stated that its target date for release of QOR software for its 5ESS switches is December 1997 (software for its 4ESS and 1AESS switches will not be available until well into 1998). Even assuming Lucent meets this target, 5ESS software will not be available until nearly the close of the quarter in which number portability implementation is to begin. It will also take some months to complete the installation, testing and training necessary to actually
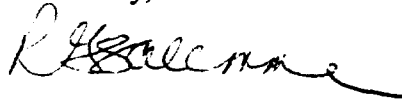
implement QOR. This delay is not a trivial matter -- the record shows, for example, that Bell Atlantic has 21 5ESS switches in the Baltimore LATA. Unlike LRN, which can definitely be implemented in time to meet the timetable established in CC Docket 96-116, the ILECs' ability to offer QOR successfully remains a matter of speculation.

In the end, it is QOR that may threaten network reliability. The number of database queries that will be made under QOR depends on the percentage of numbers ported. It is impossible to forecast with certainty the number of customers that CLECs will attract when they enter local exchange markets. Under QOR, ILEC engineers will be asked to do what thousands of analysts, lawyers, economists and the Commission itself are also seeking to do -- to predict the future of the rapidly changing telecom marketplace. If the ILECs forecast too high a porting percentage, QOR costs per ported number will be greater than expected. If forecasts are too low, there will be insufficient database capacity, significantly disadvantaging new entrants by making it impossible to complete calls to their customers (ILECs will, of course, generally be unaffected by such problems). Lucent's December 19th letter also states that data as to the number of database queries generated at 5ESS switches will not be available until a November 1998 software release further increasing reliability concerns.

In contrast, under LRN, the number of database queries is not dependent on the percentage of numbers ported, and the reliability of signaling networks thus does not rest on attempts to foresee the future of what may be the most unpredictable market in the world.

In sum, as the record demonstrates, QOR offers no cost savings, treats ported numbers differently from non-ported numbers, and creates significant issues of network reliability (issues that potentially disadvantage only new entrants, not the ILECs that will chiefly administer QOR). LRN is plainly the superior method to implement number portability and the only method that can be ready in time to meet the Commission's implementation schedule.

Sincerely,